

**United States Department of the Interior
BUREAU OF LAND MANAGEMENT
National Human Resources Management Center
Denver Federal Center, Building 50
P.O. Box 25047
Denver, Colorado 80225-0047**

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EMS TRANSMISSION

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To: All BC, HR, NI, RS, NPIT, and WO BIA Liaison Office Employees

From: Director, National Human Resource Management Center

Subject: Upcoming Payroll Actions

All employees who claim complete exemption from Federal tax withholding must file a new Form W-4 (Employee's Withholding Allowance Certificate) by February 15, 1999. The Internal Revenue Service (IRS) regulations require that if the new form is not filed by that date, the employer must withhold taxes as if the employee was "single" with "no" exemptions. This will continue until a new form is filed. The Earned Income Credit Advance Payment Certificate Form W-5, expires at the end of each calendar year. Eligible employees must file a new certificate each year. Copies of 1999 Form W-4 and Form W-5 can be obtained from the National Human Resource Management Center (NHRMC) Office.

The Payroll Office is required to submit copies of all W-4's to the IRS when the employee (1) claims more than 10 withholding allowances, or (2) claims exemption from withholding. The IRS will determine the validity of the individual W-4's. If the IRS determines the certificate to be invalid, it will instruct Payroll to withhold at the rate it deems valid until a new W-4 is filed. The Biweekly Federal Income Tax Withholding Tables for 1999 can be obtained from the NHRMC Office. If participating in the Thrift Savings Plan, subtract your biweekly Thrift contribution from your biweekly gross pay before utilizing the Tax Table.

The 1999 Social Security wage base for OASDI is \$72,600. Medicare (hospital insurance) tax applies to all of an employee's wages. The OASDI tax rate will remain at 6.2 percent and the Medicare tax rate at 1.45 percent. Employees subject to withholding from both parts of Social Security will have their wages taxed at the combined 7.65 percent rate up to earnings of \$72,600. Earnings in excess of \$72,600 will be taxed at 1.45 percent. Employees subject to withholdings for Medicare only will be taxed at the 1.45 percent rate for all earnings.

The 1999 taxable earnings year is from pay period 9901, beginning December 20, 1998, through pay period 9926, ending December 18, 1999. The 1999 leave year is from pay period 9902 beginning January 3, 1999, through pay period 0001, ending January 1, 2000.

In pay period 9902 a variety of payroll changes will be implemented. The basic and locality-based comparability raises, as applicable, will be effective. In addition, the health benefits open season changes and rate changes will be implemented, as well as the deductions for the 1999 Combined Federal Campaign, Optional life insurance changes for those employees who entered a higher age group during 1998 will also be effective at that time. The rates of employee withholding for all categories of Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS) coverage will increase by 0.25 percent. Lastly, a variety of updates to the Federal and state income tax withholding rates will be applied in early 1999.

You should review your Leave and Earnings Statements for the specific changes that affect your gross and net pay and watch for your 1998 W-2 forms which will be mailed during the last week of January. Questions can be directed to Johnnye Toney at 303-236-6385.

Signed
Linda D. Sedbrook
Director

Authenticated
Darlene Robitaille
Secretary

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